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ABSTRACT

The booklet reports on a new vision of the economics of adult learning. The vision considers adult learning to be not an expense but an investment that can be analyzed and managed as such. According to the booklet, governments in many countries, therefore, are adopting a steering role and are giving more direct responsibilities to institutions at the local level in promoting effective and efficient use of adult learning resources. Individual and social benefits from adult learning that the booklet identifies include new thinking skills, economic independence, parental transfer of education to children, reduction of reliance on welfare, and rehabilitation of prisoners. The booklet concludes that adult learning should be reassessed as a productive asset and its benefits to society as a whole should be promoted. (KC)

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A series of 29 booklets documenting workshops held at the Fifth International Conference on Adult Education

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9a Economics of adult learning

The economics of adult learning: the role of government

CE 079 205

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This publication has been produced by the UNESCO Institute for Education within the context of the follow-up to the Fifth International Conference on Adult Education (CONFINTEA V), held in Hamburg in 1997.

Readers are reminded that the points of view, selection of facts, and the opinions expressed in the booklets are those that were raised by panellists, speakers and participants during the workshop sessions and therefore do not necessarily coincide with official positions of the UNESCO or of the UNESCO Institute for Education Hamburg. The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the UNESCO Secretariat concerning the legal status of any country or territory, or its authorities, or concerning the delimitations of the frontiers of any country or territory.

Theme 9: The economics of adult learning
Booklet under this theme:
9a The economics of adult learning: the role of government

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Foreword

In July 1997 the Fifth International Conference on Adult Education was held in Hamburg, organised by UNESCO and in particular the UNESCO Institute for Education, the agency's specialist centre on adult learning policy and research. Approximately 1500 delegates attended from all regions of the world, with representatives of 140 member states and some 400 NGOs. In addition to the work of the commissions and plenary which debated the official documents of the Conference The Hamburg Declaration and The Agenda for the Future, there were 33 workshops organised around the themes and sub-themes of the Conference.

As part of its CONFINTEA follow-up strategy, the UNESCO Institute for Education has produced this series of 29 booklets based on the presentations and discussions held during the Conference. The recordings of all the workshops were transcribed and synthesized over one year, edited, and then formatted and designed. A tremendous amount of work has gone into this process. Linda King, coordinator of the monitoring and information strategy for CONFINTEA, was responsible for overseeing the whole process. Madhu Singh, senior research specialist at UIE, undertook the mammoth task of writing almost all the booklets based on an analysis of the sessions. She was helped in the later stages by Gonzalo Retamal, Uta Papen and Linda King. Christopher McIntosh was technical editor, Matthew Partridge designed the layout and Janna Lowrey was both transcriber and translator.

The booklets are intended to draw out the central issues and concerns of each of the CONFINTEA workshops. They are the memory of an event that marked an important watershed in the field of adult learning. We hope that they will be of use both to those who were able to attend CONFINTEA V and those who were not. We look forward to your comments, feedback and continuing collaboration with the UNESCO Institute for Education.

Paul Bélanger,
Director, UNESCO Institute for Education, Hamburg
and Secretary General of CONFINTEA

The economics of adult learning: the role of government

Introduction

This booklet highlights issues that were raised at the workshop "The Economics of Adult Learning" held during UNESCO's International Conference on Adult Education in 1997 in Hamburg. It discusses the importance of a proper evaluation of the social and economic benefits of adult education, examines the different mechanisms of its financing, and reflects on the sharing of private and social benefits in relation to how costs are shared.

The focus of the workshop was to propose a new vision of the economics of adult learning, looking at adult learning not as an expense, but as an investment to be analysed and managed as such.

The workshop chaired by Ylva Johansson, Ministry of Education and Science, Sweden, featured the following panel of speakers: Toshiko Nomura, Nomura Centre for Lifelong Integrated Learning, Japan; Ronald Pugsley, Department of Education, United States; Jan Van Ravens, Ministry of Education, Culture and Science, Netherlands; Roy Carr Hill, United Kingdom; Qutub Khan, UNESCO Regional Office, Bangkok; David Atchoarena, International Institute for Educational Planning, UNESCO, Paris; Bhaskar Chatterjee, National Literacy Mission, New Delhi; Abrar Hasan, OECD; and Dirk van Damme, Ministry of Education, Flemish Community, Belgium.

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Changing goals of adult learning

It has been argued in the past that the benefits of investment in adult learning were less certain and more long-term than for investment in children's education. Most importantly it was held that money was best spent outside the adult education sector.

Today, however, there seems a shift in thinking and more resources are being allocated to adult learning. This is largely due to outside forces. For instance, global competition is creating a need for adults to remain competitive. Also, increasing geographical and occupational mobility is creating a corresponding demand for language and upgrading courses for immigrants. At the same time there is broad consensus emerging in many countries that government has an important role to allocate more resources for providing disadvantaged populations equal access to lifelong education.

All these issues are having a profound impact on the goals, aims and the nature of adult learning. The major goals of adult learning now include promoting employment and social inclusion. It is characterised by a shift from supply-driven to demand-driven organisations and economies. There is a shift from education to learning.

There is also a shift in thinking regarding the distribution of responsibilities for adult learning over various actors: the state, the education sector, the firm, the learner and the NGOs. Governments in many countries are adopting a steering role and giving more direct responsibilities to institutions at the local level in promoting effective and efficient use of adult learning resources.

Costs and benefits of adult learning

In order to assess the direct/indirect costs and individual/social benefits it is important to distinguish different types of adult learning. These have been described in the literature on the economics of adult learning as remedial, popular and professional.

1 Remedial or palliative second-chance education does not require large-scale investment in infrastructure and equipment since it relies on formal initial education structures. The unit and opportunity costs tend to be low because of the link between education and employment. However, there are often quite high costs involved in identifying the adults in need of remedial education.

2 Popular community education also involves low costs because of its voluntary character. While indirect costs, such as family or work absences on account of this voluntary commitment, are mostly measurable, the major problem is one of measuring changes, which is its main objective.

3 Though vocational or professional education is supposed to be cost beneficial and cost-effective from the point of view of individual earnings, the social rate of return of vocational education depends also on the number of over-qualified adults in the formal system.

Individual and social benefits from adult learning

In recent years studies are emerging which confirm the economic, social and individual benefits from adult learning. It has been found that:

- New thinking skills such as problem-solving and team-work as well as personal skills such as responsibility and honesty can make individuals more efficient and more competitive in a global economy.
- Language courses funded by adult education programmes can promote economic independence among immigrants and an ability

to exercise their rights and responsibilities as citizens. It has been shown that literacy, especially communication skills, can reduce costs in many other social sectors such as health, family and child care services. Immigrants, for example, who cannot communicate in the official language may increase the cost of health care (need for translation, lack of health awareness), of child-rearing (remedial costs of deficient child-rearing practices) and family services (cost of domestic violence). The assumption behind these costs is that education promotes greater awareness of health and of preventive understanding.

- Studies in America on family literacy programmes which help parents and children learn together, and impart such skills as parenting education and parent-child interaction, confirm that children also learn more and are better prepared for school when parents are involved in their education. So the return on investment is high for parental education, encouraging children to go to school, as well as promoting family planning. Inter-generational approaches increase the economic benefit of literacy programmes.

- A number of family literacy programmes, for example, have successfully targeted people on welfare. The savings repaid the total direct cost of the family literacy programmes.

- Improving literacy skills of prison inmates is expected to improve self-sufficiency and rehabilitation, as well as contributing to employment opportunities.

The benefits of adult learning need to be measured more objectively in future. A major problem has been in establishing a causal link between literacy and social benefit. The samples on which many of the conclusions are based are not scientifically established. The link between education and health has been difficult to prove in the past. Nor have there been definite conclusions on the effectiveness of rehabilitation programmes.

Financing formal vocational training in educational institutions

Many adult learning systems focus purely on formal educational institutions, especially on covering their cost. Input costs for financing inputs of formal institutions for work-oriented adult learning are high because:

- the learner's productivity is almost zero during time off work for learning;
- teachers and trainers have to be paid;
- infrastructure costs such as classrooms have to be financed;
- the returns on the investment in formal education is demonstrably low;
- formal education is financed regardless of whether learning takes place;
- firms use the opportunity to shift their learning costs on to government by delegating learning to the formal education system. One implication is pedagogical quality, another is that people opt for formal education rather than on-the-job training for reasons of status.

Work-related training

The distribution of financial responsibilities between the government, the learner and the market has a lot to do with national culture of the country concerned. In some cases it encourages explicit national policies for adult learning involving stakeholders such as the industrial sector. In other cases national policies leave it to the market or the firm as main co-ordinating mechanisms for financing adult training. In the latter case, labour markets are said to be more flexible. Furthermore, it is alleged that in workplace-oriented training systems, the low quality of school leavers' competencies is eventually compensated for by higher quality workplace learning.

Financing work-related learning environments in OECD countries

In Germany and the Netherlands, the business sectors themselves play an important role in co-ordinating education and private training. Firms play an active role in providing training and education. Various business sectors maintain a fund for training to which each firm contributes regularly. However, the current trend is that firms within each sector are increasingly distancing themselves from others to become competitive. Company-specific training is becoming more and more common.

In the UK as in the USA, companies have the freedom to organise training in institutes or workplace. But economies of scale can only be realised in the larger enterprises. Governments, too, tend to leave work-related learning to market forces. In the United States, for instance, learners' own financial contributions are alleged to cause under-investment in regular vocational education.

In France the Law of 16 July 1971 obliges firms to contribute financially to adult learning, as well as meeting training targets. Though the government in France has a larger role in work-related adult training than in other OECD countries, the business sector and the market also play an important role in vocational training.

An important characteristic of the Japanese system of vocational training is firm-based training. This is in line with the Japanese culture of lifetime employment in large enterprises. The advantages are a low rate of labour turnover and high investment in personnel for the benefit of the firm. However, it must be noted that this practice is confined mainly to large enterprises and requires a situation of full employment. Small firms have problems in financing high quality training and serve mainly as a buffer in times of economic decline among large firms.

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The dynamics of the knowledge society

The economics of formal education has until now been focused on the cost side because inputs in the formal system have been easy to measure. Even in workplace training models, the focus has been on formal learning only. Formal learning, leading to certification, is based on criteria of selection and exclusion. These approaches are unlikely to survive unchanged in a knowledge society.

The cost of financing work-related adult learning will have to be re-evaluated because of a diversity of learning styles and non-traditional learning environments that has been neglected by formal educational policies.

New factors are calling for a shift in the vision of adult learning, with greater emphasis on:

- experiential and contextual learning that relates to work, the home, and community;
- use of technology, especially in the area of distance learning;
- support for continued research and development in effective work-related adult learning practices;
- professional development and training;
- outcome-based measurement of adult learning, in addition to inputs;
- widening the recognition of competencies to all areas of learning.

All these are expected to promote more cost-effective learning. The recognition of non-formal competencies is beneficial to the applicant in that it increases the opportunities for employment. It also promotes social recognition and inclusion, and increases competency as a citizen, family member, etc.

The variety of instruments to increase competencies and focus on learning outcomes will be the hallmark of the knowledge society in both developed and developing countries.

The expansion of knowledge and explosion of information are causing new competencies to be acquired throughout life. Diplomas provide less and less accurate data on an individual's capabilities and potential and are no longer a guarantee for mastery of a craft or trade for a lifetime, as they used to be. New techniques for recognising competencies are being created for their information function rather than for their screening function.

Alternative accreditation

1 In many countries, the recognition of prior learning has become an integral part of basic and vocational adult education.
2 In the US ISO-9000 is being applied to assess the quality of services. Competencies are deleted from personal records unless reassessed within a certain period of time.
3 In British higher education a system for accrediting prior experiential learning (APEL) has been introduced.

Many governments have also been moving in the direction of formulating policies towards the better management of competencies. Some of these policies are clearly based on the changing demands of economy and society.

Adult learning is an investment

The increased recognition of adult learning as an investment is supported by three current tendencies:

- a growing focus on intangible assets such as knowledge, attitudes, behavioural patterns. Firms are finding these crucial to their performance.

- government attitudes to expenditure on education as investment. Education was treated in the past as a consumer item – one reason why the education sector is subject to budget cuts. This will change if governments treat education as a potentially fruitful investment, whereby expenditure on education and other learning pays back.

- a recognition of the hidden cost of not investing in adult environmental and health education.

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Sharing financing responsibility for adult learning

Financing of adult learning cannot rely solely on the budgets of governments. All the same, leaving the law to the different areas of the market may increase the overall cost of training. Businesses, regional communities, non-governmental organisations and individuals are therefore all called upon to contribute to this investment, as well as the government.

The financing of adult learning raises 3 central questions: Why should one invest in the competency of people in this sector? What are the available sources? How can they be mobilised?

Emerging from the practice of countries, financial and regulator partnership structures are an effective instrument in developing adult learning. The sharing of costs is closely related to the sharing of responsibilities.

The diversification of public sources of finance, which could include taxes on business, is a critical issue. The establishment of an "embryo partnership" with business may give the necessary impetus to defining principles and methods of joint funding of training. Important examples to consider include the experience of France in this domain, the new Swedish special training fund and the Danish policy of job rotation.

Adult learning in the United States: growing public support

The federal government's role is to provide funds that leverage state investment in education opportunities for persons who are educationally disadvantaged and most in need of services. The small federal share of expenditures is allotted to state educational agencies based on the population eligible for services in each state. The states allocate federal and other funds to local organisations who actually provide services to educationally disadvantaged adults.

In 1996 the adult literacy education delivery system in the U.S. served some four million adult learners – undereducated adults with limited basic skills, or with limited English proficiency. These adults were served at over 24,000 learning sites, attended to by over 184,000 teachers, volunteers, and administrators. ▶

▶ Special focuses in state programmes – such as opportunities to obtain a high school credential or to learn at the workplace – have been put in place in response to changes in the federal adult education statute over time.

Local providers offer services designed for adults in diverse locations and on flexible schedules so that adults can work and learn around their responsibilities as parents and employees. Local providers may be local school districts, community colleges, community-based organisations or alliances of eligible organisations and private enterprises.

There are many factors that are shaping adult education in the United States. Welfare reform in the United States is an important force shaping adult education. A new law requires that welfare recipients engage in work in order to receive benefits. Therefore it is becoming imperative that welfare recipients have good basic skills. A number of states are changing curriculum to include more job readiness training and work-related contexts for basic skills.

Learning basic skills is done in real-life contexts of work, parenting and citizenship and is aided by technology that provides access to learning even at home.

As a result of the 1991 National Literacy Act, states are required to develop indicators of programme quality and to use them in measuring local effectiveness. The indicators, which govern the direction of programme improvement, are also steered by a variety stakeholders.

The level of adult education services is directly related to demand – such as the demand to be more competitive, demand for language courses for immigrants, demand for education among prisoners and welfare recipients.

Changes in the Adult Education Act require that states spend at least 10 per cent of their federal adult education funds on programmes for institutionalised persons, including not only prisoners, but participants in transitional programmes. This has been a response to the National Adult Literacy Survey (IALS) in which about half of the prisoners reported not having a high school diploma.

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Conclusion

Adult learning needs to be reassessed as a productive investment. The benefits – to the individual, the community and society as a whole – can be far-reaching. Formal, non-formal and informal learning styles and environments must be taken into account in the financing of adult education. New formulae must be found to address wider aims such as the promotion of citizenship, democratisation, cohesion and cultural development.

Investment in adult education can pay dividends, not only in terms of economic growth, earnings and employment, but also in health and demographic behaviour. There are social benefits in improved quality of life and the overall development of society.

Beneficial effects extend beyond the actual learners – the direct consumers of education – to affect children, families, and communities as well. There are also hidden social costs involved in not investing in people's competencies.

In order to have a better understanding of the costs-benefit relationship, there is need for more research on indicators of how to measure, quantify and isolate certain factors. New monitoring is required to assess the level of participation and the processes involved, keeping in mind the need for social and regional equity. The experiences of various countries must be compared and discussed in order to arrive at an optimal financing model.

To support the shift from education to learning, and from supply-driven to demand-driven approaches, policies will be needed to stimulate the education and training demands which have not been and cannot be met by formal educational systems.

Only when adult learning is seen, assessed and evaluated as an economic and social investment, will appropriate financing policies be possible.

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The CONFINTEA logo, designed by Michael Smitheram of Australia, represents the lines on the palm of a hand. These lines are universal and yet different for each subject. They celebrate cultural diversity and the joy of learning.

Theme 9

The economics of adult learning

Booklet under this theme:

a The economics of adult learning: the role of government